

notes should be cancelled at once to the amount of \$50,-000,000, and afterwards in such further amounts as should not exceed the increase in national bank-note circulation.

The reform of the bank-note currency was provided for upon a graduated scale extending over nine years. The amount of bonds to be required to secure bank-notes was reduced to twenty-five per cent, of the capital of a bank, and, at the end of five years this requirement was to be reduced by one-fifth annually. Thus circulation was gradually to be relieved from its relation to the bonds, but it was to be protected in the case of failed banks by a guaranty fund, made up at first of a deposit in gold coin of five per cent, of the amount, of all notes issued and afterwards maintained by a graduated tax on circulation. This tax was not to be imposed, except at a nominal rate, upon notes up to sixty per cent, of banking capital, but was to be at the rate of two per cent, upon the next twenty per cent, of notes, and six per cent, upon notes in excess of eighty per cent, of capital.¹

A bill carrying out this plan was introduced in Congress and was the basis of a measure reported by Representative McCleary of Minnesota in June, 1898. A petition to the Speaker of the House, asking consideration of this measure, was signed by 146 of the 206 Republican members of the House; but it was late in the session when this stage was reached, and upon the promise of President McKinley that the subject should be taken up with the party leaders at the following session of Congress in December, further effort to secure action was postponed until that time.² A Republican

¹ Preliminary Report of the Monetary Commission, 49-58. This report was also printed substantially in full in *Sound Currency*, January i, 1898, V., 1-16. The work of the Commission was explained in an article by Mr. Fairchild, one of its members, in the *North American Review*, for February i, 1898; also reprinted in *Sound Currency*, February I, 1898, V., 25-32.

² It is declared by Mr. Hepburn that "The Spanish War, which occurred at this time (1898), united the patriotic support of the country in favor of the administration. Republicans no longer entertained any doubt of McKinley's re-election and assumed a bolder attitude in favor of the gold standard."—The Contest for Sound

Money, 400^